

## A STUDY OF CUSTOMER SATISFACTION TOWARDS THE SERVICES OF LIFE INSURANCE CORPORATION OF INDIA – A STUDY WITH REFERENCE TO KHAMMAM DISTRICT OF TELANGANA

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Received: 17 Feb 2019

Accepted: 22 May 2019

Published: 28 Feb 2019

### ABSTRACT

Human beings are prone to many kinds of risks such as, accidents, health hazards, property losses due to natural and manmade calamities. Insurance is a means through which risk can be averted or reduced. Insurance enables the insured to protect against possible risks. Owing to increased awareness about uncertainty and risk involved in their life, people are looking towards insurance sector to provide solace to them. It is hence, pertinent for the insurance sector to know about the level of satisfaction among its customers. The main aim of this study is to know the consumer satisfaction towards LIC of India. This study is based on primary data and secondary data. Primary data is collected from 180 policyholders in Khammam District of Telangana and data were analyzed with statistical tools like cross tabulation, chi-square and ANOVA to identify the factors responsible for customer satisfaction towards the services offered by LIC.

**KEYWORDS:** Customer Satisfaction, Insurance, LIC

### INTRODUCTION

Ever since the beginning of the 18<sup>th</sup> century, people began to seriously think about risks and uncertainties associated with life and how to cope up with these risks became a very big issue for them. “Insurance” showed them a way to escape from various kinds of risks. Insurance companies spread the risk to several persons and thereby, make it easy for an individual to bear the brunt. Several companies were established for the purpose of insuring the assets as well as lives of the people. In India also, to cater to the needs of the people, Life Insurance Corporation of India was established in 1956. Ever since then, it has been doing a yeoman service in insurance sector in India.

Life insurance is a contract for payment of sum assured to the insured or the nominee. The policyholder gets an amount during maturity or at specified dates at periodic intervals or the nominee in the event of death. The obligation on the part of the policyholder is the payment of fixed amount known as the “premium” Periodically to the corporation. Life insurance is a process by which certainty for uncertainty is ensured. In short, life insurance is the outcome of the economic growth and development of any nation which is accepted as a method to safeguard financial uncertainties caused by untimely death.

Almost all developing countries have disregarded the inward looking development strategy as it failed in pushing the economy forward. Therefore many of them have chosen an alternative strategy, that is, economic liberalisation. It is believed that economic reforms can pave the way for development. India Faced economic crisis in the beginning of 90s not

due to adverse weather conditions or military operations but due to the deep structural imbalances. On realizing the urgent need to modify the economic system, the Government of India unleashed liberal changes in its economic structure. India began its liberalization in 1991 with the introduction of a new economic policy. As Economic reforms started unfolding, the reforms in insurance sector were also necessitated. Highly Regulated and monopolized life insurance sector caught the attention of private insurers.

They say “Customer is King.” Insurance sector is no exception. It is necessary to know the aspirations, wishes, feelings, levels of satisfaction of customers to cater to them in a better way.

### **Policy Holder**

The policyholder means the one who takes the policy from the insurance company. The policyholder takes a policy based on his age, income. Holders of insurance policies receive a repayment amount at the maturity date. If death occurs, the candidate of the insured receives the amount of the claim from the insurance company.

### **Premium**

Premium is a consideration that the policyholder must pay to provide the benefits offered by the insurance policy. It can be considered as the price of an insurance policy. This can be a one-time payment or periodic payment (monthly quarterly, six months, annually). By default, the premium can jeopardize the continuation of the policy. If this happens, the policy will be treated as expired.

### **Claims**

A requirement is a requirement that the insurer must pay off the promise made in the contract. Then the insurer must fulfill its part of the contract, that is, settle the claims, after being satisfied that all the conditions and requirements for settling the claim have been met.

### **Agent**

An insurance company representative licensed by the state, who solicits, negotiates or effects contracts of insurance, and provides service to the policyholder for the insurer.

## **STATEMENT OF PROBLEM**

Although there have been numerous research on service quality, service quality measurement, and instrument development, advertising researchers have been trying to evaluate service quality since the 1980s. These features further influenced the image individuals had, and this image influenced the process from the expected quality to the perceived quality.

Satisfaction is the sum total of consumer service quality opinions and depends on people's own perception and expectation. The satisfaction of the people with their services is an invaluable asset for contemporary organizations which offers a competitive advantage. It contributes to constructing long-term relationships and brand equity.

The insurance industry's growth is due to changes in people's manner of living, taste, and preferences. Additional factors such as changes in consciousness, brand awareness and distinct services are responsible for the insurance industry's growth. These are some of the parameters in which the expectations of indigenous people are increasing. Therefore, in this study, views of the people have been be evaluated.

The study analyses level of satisfaction and awareness among Life Insurance Corporation of India's customers (policyholders) in Khammam district of Telangana about LIC products. Customer Satisfaction is a very important factor in growth of any organisation. As the times are changing, so the customers. Till 1990's LIC enjoyed monopoly in the market. But, since the advent of the policy of LPG, (Liberalisation, Privatisation and Globalisation) LIC is facing stiff competition from its competitors. In the light of the circumstances, it is the need of the hour to identify lacunas if at all any, in its customers' satisfaction. Customer loyalty, customer retention, repurchase intention, business performance, etc. are key indicators of customer satisfaction. In a sharp contrast from a product, a service will have intangible or qualitative parameters. In this backdrop, the present study is carried out.

### **Insured**

Insured is the person on whose life an insurance policy is issued.

### **Policy**

The printed document stating terms of the insurance contract issued to the policyholder by the company.

## **REVIEW OF LITERATURE**

**Narasima Murthy (1996):** The paper tried to examine and assess the customer service offered by LIC at the Andhra Pradesh branch of Hanamkonda, policyholder's opinions were categorized as professional management group, periodic revenue group, self-employed group and agricultural group, and a random sample of 100 clients was chosen using a structured questionnaire. The research found that most policy holders are satisfied with LIC-fixed premium rates and that the remaining felt rates should be evaluated in perspective of decreasing morality rates.

**Shekar Chandra Sahoo (1998):** The author spoke about multiple problems related to marketing life insurance and gave a comprehensive note on new types of products and market intimacy and a steady implementation of technology for both survival and continuous development.

**Agarwal (2001):** The author has tried to explore the significance of information technology in the insurance industry and highlights the effective need to deliver enhanced services when there is private participation in competition. The services can be used in an insurance company in nine fields such as Customer Service, Claim Management and Business development etc.

**Rinku Chaudri (2002):** The paper indicated that there were important gaps in the customer service provided by the insurance companies with regard to client expectations. Author observed that the insurance companies had to compare the present amount of services provided and the norms set by the business in the light of client expectations, adding that the quality of service experienced by clients was largely dependent on the results of the back office, which had to be quickly resolved.

**Raman and Gayathri (2004):** The author researched investors knowledge of fresh insurance companies and their future investment preference. Samples were gathered from 25 clients. The study's results were that 48 percent of participants are conscious of fresh businesses through their friends, and most choose new business for a sensible price for their investment.

**Sheela and Arti (2007):** The report is about Visakhapatnam's knowledge of life insurance policies. The study's primary goal is to raise awareness among consumers about life insurance policies and their meaning and comparative preferences of products provided by life insurance companies. The results show that insurers are commonly disliked by clients and they need to enhance the channels of life insurance delivery, embraced by the businesses. Insurers need to undergo a request audit to know what the policyholder wants and requires.

## RESEARCH GAP

Review of the literature shows that the current studies are essentially linked to insurance opportunities in urban and rural India, prospects for fresh company growth for insurance companies, the significance of life insurance as the fourth variable after food, garments and shelter, etc.

There is no particular and in-depth analysis of customers' satisfaction of LIC services in Khammam district of Telangana state after insurance sector's privatization. This paves the way for the research to conduct extensive study on this subject in this area.

## OBJECTIVES OF THE STUDY

- To identify the factors responsible for customer satisfaction.
- To determine the factors that influence policyholders' behavior.
- To understand the reasons stated by the policyholders for taking policy.
- To measure the level of satisfaction of LIC customers.
- To understand the influence of demographic factors on customer satisfaction.

## HYPOTHESES OF THE STUDY

- **H<sub>01</sub>:** There is no significant difference in level of satisfaction on the basis of gender.
- **H<sub>02</sub>:** There is no significant difference between customer satisfaction and desire towards selection of policy.
- **H<sub>03</sub>:** There is no significant difference in level of satisfaction on the basis of occupation.

## SCOPE OF THE STUDY

The study is confined to the individual life insurance customers' satisfaction about the products and services of LIC. In Khammam district of Telangana state. The scope of the study includes the areas like factors influencing the purchasing of policy, customer's awareness and towards life insurance products and services of LIC.

## PERIOD OF THE STUDY

The study was conducted during 2018-19. The required primary data for the study were collected from the policyholders during the year 2018-19.

## RESEARCH DESIGN

- **Universe of the Study:** LIC policyholders in Khammam district of Telangana.
- **Data Collection:** Primary Data and Secondary Data.
- **Sample Design:** Simple Random Sample.
- **Sample Size:** 180.
- **Sample Unit:** Age group between 20-60 years.
- **Tools and Techniques:** Table, ANOVA, Chi - square, Cross Tabulation, rank analysis.

## RESULTS AND DISCUSSIONS

The demographic profile of the respondents is summarized in the above table. A total of 180 customers are contacted.

Table 1 & 2 shows that, known agent is the most significant reason for buying policy followed by tax purpose, friends' recommendations, investment shifting, prompt services and savings.

Table 3 shows reveals that, 95 in males and 50 in females are highly satisfied and 25 in male and 10 in female have low satisfaction.

Table 4 shows the Pearson Chi-Square calculated value is 0.683 and it is significant at the level of significance 0.346 at the degrees of freedom 1. In the above obtained result, as the significance level is more than 0.05 the null hypothesis is accepted and it is concluded that the satisfaction of respondents does not significantly vary based on gender.

Table 5 shows that 50 policyholders have high level of satisfaction towards their savings plan followed by child plans, retirement plans, protection plans and others.

Table 6 shows the Pearson Chi-Square calculated value is 1.011 and it is significant at the level of significance 0.308 at the degrees of freedom 1. In the above obtained result, as the significance level is more than 0.05 the null hypothesis is accepted and it is concluded that the satisfaction of respondents does not significantly vary based on gender.

Table 7 shows the F value is 1.681 and it is significant at the level of significance.000 at the degrees of freedom 3. In F test, if the significant value is above 0.05 then accept null hypothesis and reject the alternate hypothesis. And this study shows there is significant mean variation between consumer satisfactions with their occupation.

Table 8 shows it is clear that, the behavior of agent satisfies customers more than anything else. Timely issue of renewal notice, promptness in issuing policy, loan process and interest rates and company's attitude in issuing loans against policy follow suit.

**Table 1: Demographic Profile of the Respondents**

	Profile	Frequency	Percentage
Gender	Male	120	67
	Female	60	33
Occupation	Professional	5	4
	Business	15	8
	Employed	120	67
	Others	40	21

Source: Primary Data

**Table 2: Reasons Stated By the Policyholders for Taking Policy (Rank Analysis)**

Valid	Frequency	Percentage	Rank
Shifting Investment	43	23.88	IV
Known Agent	92	51.11	I
Prompt Services	32	17.77	V
Recommendation of Friends	71	39.44	III
Savings	31	17.22	VI
Tax Purpose	83	46.11	II

Source: Primary Data

**Table 3: Cross Tabulation – Customer Satisfaction towards LIC Based on Their Gender**

Level of Satisfaction	Gender		Total
	Male	Female	
High Level of Satisfaction	112(93%)	58(97%)	170
Low Level of Satisfaction	8(7%)	2(3%)	10
<b>TOTAL</b>	<b>120</b>	<b>60</b>	<b>180</b>

Source: Primary Data

**Table 4: Chi Square Test Based on Gender Satisfaction**

Chi Square	Value	Sign
Pearson Chi-Square	0.683	.346

Source: Primary Data

**Table 5: Cross Tabulation – Customer Satisfaction towards Desire of Their Policies**

Policy Holders / Desired Policy	High Level of Satisfaction	Low Level of Satisfaction	Total
Retirement plans	25	5	30
Child plans	50	2	52
Protection plans	10	1	11
Saving plans	55	5	60
Others	25	2	27
<b>Total</b>	<b>165</b>	<b>15</b>	<b>180</b>

Source: Primary Data

**Table 6: Chi-Square – Consumer Satisfaction towards Desire of Their Policies**

Chi - Square	Value	Sign
Pearson Chi – Square	1.011	0.308

Source: Primary Data

**Table 7: One Way Analysis on Consumer Satisfaction towards Their Occupation**

	Sum of Squares	Df	Mean Square	F	Sig.
Between Groups	45.346	3	15.159	1.681	.000
Within Groups	93.384	196	.413		
<b>Total</b>	<b>138.73</b>	<b>199</b>			

Source: Primary Data

**Table 8: Factors Stated By the Policyholders for Satisfaction (Rank Analysis)**

Valid	Frequency	Percentage	Rank
Promptness in issuing policy	38	21.11	III
Timely issue of renewal notice	65	36.11	II
Company's attitude in issuing loans against policy	29	16.11	V
Loan process and interest rates	35	19.44	IV
Agent behaviour	82	45.55	I

**Source:** Primary Data

## SUMMARY AND SUGGESTIONS

- Even in an era of LPG, LIC is still the leader in insurance sector in India.
- Majority of the customers are satisfied with the services of LIC.
- Agents are playing a key role in wooing customers.
- Hence, in further recruitments, proper training should be given to agents.
- As customers are attracted more by savings plans, features should be increased.

## LIMITATIONS OF THE STUDY

- Time is limited.
- Financial resources are limited.
- Study is conducted only in Khammam district's 180 customers. Hence, can't be generalized.

## SUGGESTIONS FOR FURTHER RESEARCH

- Similar type of study can be carried out across various places in India using different kinds of statistical tools.
- Sample size can be increased.

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